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World Production and Trade

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United States
Department of
Agriculture

Foreign
Agricultural
Service

Washington, D.C. 20250

Weekly
Roundup

WR 29-87

July 22, 1987

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

GRAIN AND FEED

SOVIET Grain Harvest Begins. According to the U.S. agricultural attache in Moscow, the Soviet press reports that the 1987 grain harvest has begun but is late. As of July 13, small grains and pulses were cut on 3.5 million hectares, of which 2.5 million had been threshed. In 1986, when harvest began earlier than usual, small grains had been cut on 16.5 million hectares by July 14, with 12.5 million hectares of that threshed. The Soviet press has been highlighting that this year's unusual weather is delaying harvest and very wet conditions in some areas have caused harvesting difficulties. Also, more harvest equipment than usual was not repaired and ready for service.

Forage Harvest Pace Improves in USSR. Although the start of this year's forage harvest was delayed by the cool, wet spring, it appears to have caught up to the pace of 1986. As of July 13, 35.5 million tons of hay and 40.8 million tons of haylage had been put up. These figures compare with 37 million tons of hay and 36.7 million of haylage as of July 14, 1986. The larger tonnage of haylage is not unexpected, because weather conditions have been more conducive to making haylage than hay.

Sown Area for 1987 SOVIET Grain Crop Announced. The preliminary sown area figure for the 1987 grain crop in the USSR is 117.6 million hectares, according to a report published in Pravda on July 19. The report also stated more corn-for-grain was planted than last year. In 1986, the preliminary sown area reported by the Soviets for grain was 118.1 million hectares. The final figure reported, however, was 116.5 million, from which a crop of 210.1 million tons was reported. USDA currently estimates the 1987 Soviet grain crop at 195 million tons from an area of 115.0 million hectares.

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SALLY KLUSARITZ, Editor, Tel. (202) 447-3448. Additional copies may be obtained from FAS Media and Public Affairs Branch, 5922-S, Washington, D.C. 20250. Tel. (202) 447-7937.

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SEP 1 1987
NATL AGRICULTURAL
SERIALS

SOVIET Acreage Under Intensive Technology Up. The Soviets planted 35.3 million hectares of grain for the 1987 harvest under their intensive technology program. Although the target called for 36 million hectares, a July 19 report in Pravda said the following areas were seeded: winter crops, 13 million hectares; spring wheat, 12.2 million; corn-for-grain, 4 million; millet, 983,000 hectares; and pulses, 761,000 hectares.

In 1986, the area of grains under intensive technology was about 30 million hectares, from which an additional 24 million tons of production were reported. In 1985, the first year of large-scale use of intensive technology, the area was 16 million hectares, and the reported addition to output was 16 million tons. The plan for 1990 calls for 50.4 million hectares of grain under the intensive technology program.

COTTON AND FIBERS

U.S. Cotton Exports Strong. May cotton exports declined seasonally, but continued the strong pace set earlier in the marketing year. May exports totaled 539,000 bales, 4 percent below April, but 7 percent above the 1980/84 average. Japan, Taiwan, the European Community and South Korea were the leading destinations. FAS Export Sales Report shows exports for the August-June period at 6.2 million bales. Total 1986/87 exports are forecast at 6.7 million bales. Preliminary forecasts for 1987/88 are 6.5 million bales.

FRUITS

KOREA Harvests Smaller Tangerine Crop. Korea's 1986/87 tangerine production was 339,507 tons, down 8 percent from the record 370,543-ton crop of 1985/86 due to more normal weather conditions, according to the U.S. agricultural counselor in Seoul. Crop quality in 1986/87 was reported good to excellent with a higher sugar content than last year because of favorable weather during the ripening season. Harvested area was up 7 percent because areas set aside for varietal improvement became productive for the first time. Tangerine production for 1987/88 is projected at 350,000 tons. Korean farmers are expected to maintain tangerine acreage at current levels and expand banana, pineapple and kiwi fruit production because of expected increased imports of citrus juice under more open import regulations.

CREDIT NOTES

Public Law 480 Actions Announced for COSTA RICA and PERU. Under Costa Rica's \$16.0 million agreement, that country has agreed to purchase 120,000 tons of wheat and 12,000 tons of feed grains. Peru's \$20.0 million agreement calls for that country to purchase 110,000 tons of wheat and 75,000 tons of feed grains.

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Section 416 Actions Announced for CHILE, MEXICO, HONDURAS and MAURITIUS. Chile will receive 3,815 tons of nonfat dry milk, cheese, wheat and rice. Mexico will receive 34 tons of nonfat dry milk, butteroil and cheese. Honduras is expected to take 10,000 tons of corn and Mauritius has agreed to take 12,000 tons of flour and 11,800 tons of rice.

WEEKLY EXCHANGE RATE DEVELOPMENTS

During the week ending July 17, the U.S. dollar declined against all major currencies following the announcement that the U.S. trade deficit widened to \$14.4 billion in May. However, the dollar has regained some of its losses and moved over the 150 yen mark. The dollar was supported by investment inflows from Japan, rumors that central banks might intervene to support the dollar and statements by Administration officials. The Administration indicated that the recent widening of the trade deficit is not an indication that the U.S. trade picture is worsening, but an indication of the higher average price of imports as reflected by the declining value of the dollar.

The May deficit followed a narrowing to \$13.3 billion in April. Recently, it had been estimated that the trade deficit would continue to narrow as it did in March and April. Because of the unexpected directional movement, trade specialists and the financial markets were caught by surprise, which sent the dollar tumbling. Some economists believe that the widening of May's trade deficit indicates that the dollar will continue its downward trend.

Currencies	Current	----Percent change from----		
	rate 7/16/87	week ago 7/9/87	month ago 6/18/87	year ago 7/86
Argentine Austral	1.8250	1.47%	9.74%	105.74%
Australian Dollar	1.4039	-.18%	1.45%	-11.36%
Brazilian Cruzado	44.8000	1.33%	6.53%	224.47%
Canadian Dollar	1.3214	-.12%	-1.43%	-4.25%
South African Rand	2.0492	.21%	2.15%	-19.53%
Thai Baht	25.3900	-1.66%	-1.20%	-3.16%
ECU	.8830	-.12%	.56%	-12.55%
British Pound	.6132	-.77%	-.14%	-7.52%
French Franc	6.1065	-.34%	.27%	-11.71%
West Germany Mark	1.8350	-.16%	.41%	-14.57%
Japanese Yen	150.3000	.20%	3.79%	-4.92%
South Korean Won	808.5000	-.04%	-.74%	-8.71%
New Taiwan Dollar	31.0400	.03%	.00%	-18.48%

Exchange rates are spot as of 3 p.m. Eastern Time, July 17
Source: FAS Exchange Rate Database and Wall Street Journal

EXPORT ENHANCEMENT INITIATIVES

The status of USDA's Export Enhancement Program as of July 16, 1987, was as follows in metric tons:

ANNOUNCED INITIATIVES	DATE ANNOUNCED	QUANTITY/RESULTS
69. Israel wheat	May 29, '87	200,000
68. Bangladesh wheat	May 22, '87	100,000
	July 8, '87	50,000
67. Soviet Union wheat	Apr. 30, '87	4,000,000 COMPLETE
66. Turkey rice	Apr. 3, '87	70,000
65. Colombia barley malt	Apr. 3, '87	15,000
64. Iraq table eggs	Feb. 20, '87	189 million eggs
63. Canary Islands poultry	Feb. 9, '87	5,000 Sold 1,000
62. Nigeria wheat	Jan. 28, '87	500,000
61. China wheat	Jan. 26, '87	1,000,000 COMPLETE
60. Iraq wheat	Jan. 16, '87	800,000 Sold 605,000
59. Switzerland barley or sorghum	Jan. 16, '87	250,000 Sold 9,000
58. Poland wheat	Jan. 7, '87	500,000 COMPLETE
	July 2, '87	500,000 Sold 76,000
57. Poland barley or sorghum	Dec. 31, '86	200,000 Sold 167,000
56. Romania wheat	Dec. 23, '86	250,000
55. Iraq poultry	Dec. 22, '86	60,000 COMPLETE
54. Dominican Republic table eggs	Dec. 9, '86	25 million eggs Sold 11.1 million eggs
53. Zanzibar wheat flour	Dec. 9, '86	20,000 Sold 6,000
52. Tunisia barley	Dec. 1, '86	150,000
51. Gulf countries (Bahrain, Kuwait, Oman, Qatar, United Arab Emirates) dairy cattle	Oct. 30, '86	1,500 head COMPLETE
50. West Africa (Benin, Burkina Faso, Cameroon, Cote d'Ivoire, Ghana, Gabon, Liberia, Niger, Togo) wheat	Oct. 30, '86	345,000 Sold 95,750
	June 15, '87	185,000
49. Dominican Republic poultry	Oct. 29, '86	1,500 Sold 1,133
48. Philippines barley malt	Oct. 20, '86	60,000 Sold 25,000
47. Cameroon wheat flour	Oct. 14, '86	20,000
46. Romania barley	Sept. 24, '86	200,000 Sold 125,000
45. Venezuela barley malt	Sept. 4, '86	100,000
44. Cyprus barley	Aug. 26, '86	150,000 Sold 118,000
43. Canary Islands wheat	Aug. 8, '86	100,000
42. Egypt semolina	Aug. 6, '86	30,000 Sold 23,000
41. Soviet Union wheat	Aug. 1, '86	4,000,000 EXPIRED
40. Canary Is. dairy cattle	July 28, '86	3,000 head Sold 2,825
39. Hong Kong table eggs	July 28, '86	44 million eggs COMPLETE

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EXPORT ENHANCEMENT PROGRAM INITIATIVES (CONT)

38. Senegal wheat	July 17, '86	100,000	COMPLETE
37. India vegetable oil	July 8, '86	25,000	COMPLETE
36. Jordan barley	June 17, '86	60,000	
35. Israel barley	June 17, '86	200,000	Sold 162,324
34. Tunisia dairy cattle	May 29, '86	4,000 head	COMPLETE
33. Algeria dairy cattle	May 29, '86	5,000 head	COMPLETE
32. Sri Lanka wheat	May 16, '86	125,000	COMPLETE
	March 5, '87	95,000	Sold 85,000
31. Saudi Arabia barley	May 7, '86	500,000	COMPLETE
	Aug. 6, '86	250,000	COMPLETE
	Sept. 16, '86	300,000	COMPLETE
	Oct. 8, '86	200,000	COMPLETE
			(201,000)
	Jan. 5, '87	1,250,000	COMPLETE
	May 15, '87	500,000	COMPLETE
30. Algeria barley	Apr. 17, '86	500,000	Sold 36,000
29. Morocco dairy cattle	Apr. 16, '86	4,000 head	COMPLETE
28. Turkey dairy cattle	Apr. 16, '86	5,000 head	COMPLETE
	June 18, '86	5,000 head	
27. Egypt dairy cattle	Apr. 16, '86	6,000 head	COMPLETE
	Sept. 12, '86	10,000 head	Sold 3,411
26. Yemen poultry feed	Apr. 14, '86	150,000	Sold 108,668
25. Yugoslavia wheat	Apr. 10, '86	200,000	COMPLETE
	June 24, '86	200,000	COMPLETE
	Oct. 7, '86	500,000	Sold 213,050
24. Indonesia dairy cattle	Apr. 9, '86	7,500 head	COMPLETE
	June 18, '87	8,000 head	COMPLETE
23. Syria wheat	Apr. 8, '86	700,000	CANCELLED
22. Benin wheat (remaining 15,000 tons transferred to West Africa	Apr. 7, '86	45,000	COMPLETE
21. Algeria table eggs	Apr. 4, '86	500 million eggs	
20. Iraq dairy cattle	Apr. 4, '86	6,500 head	Sold 2,028
19. Jordan wheat	Mar. 19, '86	75,000	COMPLETE
	June 20, '86	75,000	COMPLETE
	Dec. 31, '86	225,000	COMPLETE
18. Tunisia wheat	Mar. 18, '86	300,000	COMPLETE
	Aug. 22, '86	800,000	Sold 300,000
17. Algeria wheat flour	Feb. 25, '86	100,000	
16. Algeria semolina	Feb. 11, '86	250,000	Sold 30,000
15. Philippines wheat	Jan. 7, '86	150,000	COMPLETE
			(152,400)
14. Zaire wheat	Dec. 27, '85	35,000	COMPLETE
	May 15, '86	45,000	COMPLETE
	Oct. 10, '86	40,000	COMPLETE
	July 16, '87	80,000	
13. Nigeria barley malt	Dec. 10, '85	100,000	Sold 55,164
12. Iraq wheat flour	Dec. 9, '85	150,000	COMPLETE
	Jan. 7, '87	175,000	Sold 75,000

EXPORT ENHANCEMENT PROGRAM INITIATIVES (CONT)

11. Egypt poultry	Nov. 26, '85	8,000	COMPLETE
	Mar. 21, '86	15,000	COMPLETE
	June 18, '86	5,000	COMPLETE
	July 8, '86	15,000	COMPLETE
	Dec. 19, '86	25,000	COMPLETE
	Feb. 27, '87	6,000	
10. Zaire wheat flour	Nov. 18, '85	64,000	COMPLETE
	May 15, '86	30,000	Sold 15,000
9. Philippines wheat flour	Nov. 15, '85	100,000	Sold 50,000
8. Jordan rice	Nov. 8, '85	40,000	Sold 38,700
	Jan. 13, '87	60,000	
7. Turkey wheat	Oct. 16, '85	500,000	COMPLETE (506,600)
	May 8, '86	500,000	Sold 248,000
6. Morocco wheat	Sept. 30, '85	1,500,000	COMPLETE
	Dec. 9, '86	790,000	COMPLETE
	July 1, '87	500,000	
5. Yemen wheat	Sept. 6, '85	100,000	COMPLETE
	Jan. 26, '87	100,000	COMPLETE
4. Yemen wheat flour	Aug. 20, '85	50,000	COMPLETE
	Apr. 14, '86	100,000	COMPLETE
	May 18, '87	100,000	Sold 50,000
3. Egypt wheat	July 26, '85	500,000	COMPLETE
	Oct. 30, '85	500,000	COMPLETE (512,500)
	June 24, '86	500,000	COMPLETE
	July 29, '86	52,000	COMPLETE
	Oct. 8, '86	1,000,000	COMPLETE
	July 8, '87	500,000	
2. Egypt wheat flour	July 2, '85	600,000	COMPLETE
	Aug. 6, '86	600,000	
1. Algeria wheat (ex durum)	June 4, '85	1,000,000	COMPLETE
wheat (ex durum)	Apr. 10, '86	1,000,000	Sold 616,000
durum	Nov. 10, '86	300,000	COMPLETE
durum	Mar. 16, '87	300,000	COMPLETE

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EXPORT ENHANCEMENT PROGRAM SUMMARY

Announced as of July 16, 1987

Announced to Date 29,915,680 tons grains and products (grain equivalent)
758 million table eggs
140,500 tons frozen poultry
65,500 head dairy cattle
25,000 tons vegetable oil

Sold to Date 16,502,309 tons wheat
1,593,196 tons flour (grain equivalent)
3,512,324 tons barley
72,610 tons semolina (grain equivalent)
106,883 tons barley malt (grain equivalent)
106,000 tons sorghum
38,700 tons rice
108,668 tons poultry feed
25,000 tons vegetable oil
130,133 tons frozen poultry
49,264 head dairy cattle
54,572,004 table eggs

Total Sales Value: \$2,099.3 million
Estimated Bonus Book Value: \$1,406.4 million
Market Value of Awards: \$1,002.5 million

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Selected International Prices

Item	: July 21, 1987		: Change from : A year	
	:		: a week ago : ago	
ROTTERDAM PRICES 1/				
	\$ per MT	\$ per bu.	\$ per MT	\$ per MT
Wheat:				
Canadian No. 1 CWRS-13.5%.	136.50	3.71	-5.00	N.Q.
U.S. No. 2 DNS/NS: 14%....	129.00	3.51	-4.50	126.00
U.S. No. 2 S.R.W.	119.25	3.25	-2.75	116.00
No. 3 H.A.D.....	143.00	3.89	-7.00	125.00
Canadian No. 1 A: Duruml0/	143.50	3.91	-7.50	N.Q.
Feed grains:				
U.S. No. 3 Yellow Corn....	90.00	2.29	+1.00	95.00
Soybeans and meal:				
U.S. No. 2 Yellow.....11/	218.75	5.95	-4.25	206.80
Brazil 47/48% Soya Pellets12/	215.00	—	+5.00	193.00
U.S. 44% Soybean Meal..13/	195.00	—	+3.00	184.00
U.S. FARM PRICES 3/				
Wheat.....	84.13	2.29	-2.20	87.81
Barley.....	57.41	1.25	-2.76	54.20
Corn.....	57.87	1.47	-2.79	73.62
Sorghum.....	53.79	2.44 2/	-0.66	68.78
Broilers.....	973.11	—	-106.04	1,533.96
EC IMPORT LEVIES				
Wheat 5/.....	205.09	5.58	+7.21	156.89
Barley.....	193.49	4.21	-1.53	163.60
Corn.....	201.33	5.11	-0.08	160.01
Sorghum.....	204.35	5.19	-2.66	167.90
Broilers 4/ 6/ 8/.....	509.00	—	-2.00	352.00
EC INTERVENTION PRICES 7/ 9/				
Common wheat(feed quality)	179.05	4.87	-1.42	172.52
Bread wheat (min. quality)	188.48	5.13	-1.48	181.47
Maize.....	188.48	4.79	-1.48	181.47
Barley and all other feed grains, excluding maize.	179.05	—	-1.42	172.52
Broilers 4/ 6/.....	1,522.00	—	-40.00	1,455.00
EC EXPORT RESTITUTIONS (subsidies)				
Wheat	N.A.	—	—	N.A.
Barley.....	N.A.	—	—	N.A.
Broilers 4/ 6/ 8/.....	413.00	—	-2.00	259.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category—70 percent whole chicken. 5/ Reflects lower EC export subsidy—down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ Changes may be due partly to exchange rate fluctuations and/or ECU payments. 10/ September shipment. 11/ October shipment. 12/ August/September shipment. 13/ October/December shipment. N.A.=None authorized. N.Q.=Not quoted. Note: Basis August delivery.